

# Ardenton

## Forced Labour and Child Labour in Canadian Supply Chains Report

Prepared for the reporting period ended December 31, 2023

May 31, 2024



# Fighting Against Forced Labour and Child Labour in Canadian Supply Chains

## Introduction

This report ('Report') is submitted on behalf of Ardenton Capital Corporation ('ACC'), a private equity and portfolio management company that works strategically with its business partners to execute value creation initiatives and build the value of its portfolio holdings. ACC's primary objective is to maximize the amount of distributable cash for creditors through monetization of its portfolio assets over a medium to long-term holding period.

This report is made in accordance with Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act"). It outlines ACC's governance processes, existing measures, and progress made in the 2023 fiscal year to prevent and mitigate the risks of modern slavery across the supply chain we utilize.

For purposes of the Act, the reporting entity covered in this Report is ACC and excludes its affiliated entities, including portfolio companies which are involved in various industries and may or may not qualify as reporting entities individually.

## Purpose of the Report

The purpose of this Report is to provide a comprehensive assessment of the presence and risks of forced labor within ACC.

This report aims to:

1. **Demonstrate Compliance:** show our compliance with relevant national and international laws and regulations pertaining to forced labour, including employment standards, any modern slavery legislation, and International Labour Organization (ILO) conventions.
2. **Transparency and Accountability:** Enhance transparency and accountability by disclosing our efforts to identify, address, and mitigate forced labour risks where present.
3. **Risk Assessment and Mitigation:** Present findings from our internal audits and assessment regarding forced labour risks and outline the measures we have implemented or will be implementing to mitigate these risks.
4. **Corporate Social Responsibility:** Reaffirm our commitment to ethical business practices and the protection of human rights, aligning global standards such as United Nations Guiding Principles on Business and Human Rights.
5. **Stakeholder Engagement:** Inform and engage our stakeholders, including employees, customers, investors, and regulators, about our ongoing efforts to combat forced labour.

By detailing initiatives and outcomes, this report serves as a key component of our broader corporate social responsibility (CSR) strategy and reinforces our dedication to maintaining high ethical standards in all aspects of our operations.

## **1. Company Structure, Activities, and Supply Chains**

ACC was originally incorporated under the name Regimen Capital Partners Inc. on May 3, 2010, pursuant to the Business Corporations Act (British Columbia) (“BCBCA”). Ardenton formally changed its name to Ardenton Capital Corporation on August 31, 2016.

On January 2, 2018, ACC was amalgamated with Livingstone Acquisitions Inc. (its parent company) pursuant to the BCBCA to form a newly amalgamated company under the same name Ardenton Capital Corporation.

ACC does not directly engage in any manufacturing or production activities. In addition, ACC is not involved in the importation of goods into Canada. We have a small, centralized team of nine full-time professionals based in Canada (and three based the United Kingdom (UK) who are employed by ACC’s wholly owned UK subsidiary) providing high-level management and consulting services for our stakeholders and portfolio company management teams.

Our supply chain involves professional services firms who offer audit, legal, financial advisory (tax consulting), technology, and research services. Hardware and office supplies are procured through reputable third parties. All such service providers are based in Canada, the United States, and the United Kingdom and are expected to remain in material compliance with all health and safety laws applicable to the operation and use of facilities at which services are provided to support ACC’s operations.

## **2. Policies and Due Diligence Processes**

ACC is committed to upholding the highest standards of ethical conduct, including a zero-tolerance approach to any form of forced or child labour. While the nature of our business does not involve exposure to high-risk jurisdictions, our policies extend into the investment due diligence process, portfolio monitoring framework, and risk registers which are compiled and maintained as part of ACC’s overall portfolio governance framework. Our policies and practices reflect our commitment to these principles, and our operations and supply chains are considered relatively low risk, as they are generally limited to providing management services to portfolio company management teams on behalf of ACC’s stakeholders. All of ACC’s past investment activity was conducted under its Responsible Investment Policy. As such, to the best of our knowledge, none of our activities or supply chain carry a risk of forced or child labour for the reporting year 2023.

## **3. Risk Assessment and Management**

Given the nature of our business, the risk of forced or child labour within our operations and supply chains is minimal. However, we remain vigilant and committed to maintaining a zero-tolerance policy towards these practices. In the context of ongoing due diligence, ACC’s corporate governance and socially responsible investment practices expanded over the past twelve months to include strategies for assessment of portfolio company operations which fall outside the mandate of the reporting entities. We are focused on providing support to the portfolio companies and offering guidance on how they can implement prudent due diligence practices to ensure ongoing compliance.

Corporate strategy assessments, risk registers, and ESG surveys were some of the tools utilized in 2023 to acquire information and carry out ongoing due diligence with respect to ACC’s investment holdings. Our approach to governance is designed to ensure that each associated entity is armed with best-in-class resources for supply chain management, vendor relations management, and internal policy documentation.

### 3.1. Identified Risks

- **Internal Operations:** As a service-oriented company, the risk of forced or child labour within our internal operations is negligible.
- **Third-Party Service Providers:** We engage third-party service providers for various support functions. We are seeking to ensure these providers adhere to our ethical standards through contractual agreements and periodic service provider reviews.

### 4. Remediation Measures

In the unlikely event that forced, or child labour practices are identified within our operations or those of our service providers, ACC is committed to taking immediate and effective remediation measures.

- **Investigation and Action:** Any credible reports of forced or child labour will trigger a thorough investigation. Corrective actions, including termination of contracts with non-compliant service providers, will be implemented as necessary.
- **Support for Affected Individuals:** We will work with relevant organizations to support affected individuals and ensure their well-being.

### 5. Employee Training

ACC will publish this report prominently on its website and maintains an inventory of internal policies which are accessible to all employees. With our small team, meetings are held regularly which involve discussions on ESG considerations and review of risk registers which include supply chain considerations.

### 6. Effectiveness Assessment

To ensure the effectiveness of our policies and measures, ACC employs a continuous monitoring and evaluation approach.

- **Feedback Mechanisms:** We maintain open channels for feedback from employees and stakeholders regarding our ethical practices.
- **Culture of Collaboration:** All personnel are encouraged to review available internal policies and any applicable information provided by our portfolio company management teams, and to report any suspicious activity or information to executive management for review. ACC prohibits any form of retaliation against anyone who reports a concern in good faith.

### Future Steps

ACC has the following planned initiatives to further reduce forced labour risks through continuous monitoring and improvement strategies.

- **ESG Assessment:** Implementation of a comprehensive ESG Assessment and Monitoring program for all portfolio companies.
- **Transparency:** ACC will increase transparency by disclosing the steps they are taking to combat forced labour.
- **Worker Empowerment:** Implement mechanisms for workers to report abuses without fear of retaliation. This can include establishing a Whistleblower Policy in place within the workplace.

**Conclusion**

ACC is fully committed to the abolition of forced labour and child labour. While our business model inherently poses a low risk for such practices, we take our ethical responsibilities seriously and strive to maintain the highest standards of conduct.

**Attestation**

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: Kyle Makofka

Title: Director

Date: May 31, 2024



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I have the authority to bind Ardenton Capital Corporation